



MARK PESTRELLA, Director

## COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone (626) 458-5100  
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE  
REFER TO FILE

January 29, 2019

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

28 January 29, 2019

CELIA ZAVALA  
EXECUTIVE OFFICER

Dear Supervisors:

**TRANSPORTATION CORE SERVICE AREA  
INTRODUCTION AND ADOPTION OF AN ORDINANCE TO AMEND  
THE PROPRIETARY PETROLIUM PIPELINE FRANCHISE  
TO E&B NATURAL RESOURCES MANAGEMENT CORPORATION  
BY ORDINANCE NO. 2008-0066F, AS AMENDED  
(SUPERVISORIAL DISTRICT 2)  
(3 VOTES)**

### SUBJECT

Public Works is seeking Board approval to introduce an ordinance to amend the proprietary petroleum pipeline franchise for the transfer from Freeport-McMoRan Oil & Gas LLC to E&B Natural Resources Management Corporation; extend the term through February 28, 2034; impose testing and reporting requirements pertaining to hazardous materials pipelines and their compliance with applicable existing laws; and make other minor revisions to clarify certain terms and conditions of the franchise.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed project is exempt from the California Environmental Quality Act for the reasons stated in this letter and in the record of the project.
2. Approve the transfer of the proprietary petroleum pipelines franchise from Freeport-McMoRan Oil & Gas LLC to E&B Natural Resources Management Corporation.
3. Approve the introduction of an ordinance to amend the proprietary petroleum pipeline franchise granted to Freeport-McMoRan Oil & Gas LLC reflecting the transfer of the franchise to E&B Natural Resources Management Corporation, to extend the term through February 28, 2034, impose testing

and reporting requirements pertaining to hazardous materials pipelines and their compliance with applicable existing laws, and make other minor revisions to clarify certain terms and conditions of the franchise.

4. Introduce, waive reading, and place on the Board of Supervisors' agenda for adoption on February 5, 2019, the ordinance that implements the above recommendation, becoming operative on March 1, 2019.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will find that the project is exempt from the California Environmental Quality Act (CEQA) and provide for the adoption of an ordinance to amend the proprietary petroleum pipeline franchise (franchise). The franchise was granted to Plains Exploration & Production Company (PEPC) on November 25, 2008, by Ordinance No. 2008-0066F (Ordinance) and on June 28, 2016, the Board amended the Ordinance approving the transfer of the proprietary petroleum pipeline franchise rights from PEPC to Freeport-McMoRan (FMOG) and extended the term through February 28, 2019. This amendment will transfer the franchise rights from FMOG to E&B Natural Resources Management Corporation (E&B), extend the term of the franchise for an additional 15 years through February 28, 2034, impose testing and reporting requirements pertaining to hazardous materials pipelines and their compliance with applicable existing laws. The current franchise is set to expire on February 28, 2019.

There are 9,068 linear feet of pipelines located within the unincorporated Ladera Heights area of La Cienega Boulevard between Rodeo Road and West 64th Street within the franchise area that collect, transport, or distribute petroleum, oil, gas, water and other liquid substances. Adopting the amendment will allow E&B's use of the County of Los Angeles right of way, provide payment to the County, and obligate E&B to comply with the franchise terms. The pipelines operated by E&B are regulated by the State Division of Oil, Gas, and Geothermal Resources. County Counsel has prepared and approved the enclosed Ordinance as to form.

### **Implementation of Strategic Plan Goals**

The County Strategic Plan directs the provision of Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability. The revenues received from this transaction will help promote fiscal responsibility while providing continuous petroleum services to the residents of the County.

### **FISCAL IMPACT/FINANCING**

E&B will pay the County a granting fee of \$5,000 for the amendment and will continue to pay the County an annual franchise fee calculated using the volume of space occupied (\$1.50 per cubic foot) within the road right of way and adjusted annually using the Producer's Price index.

For the 2017 calendar year, FMOG reported and paid a total annual fee of \$15,992, which has been deposited into the County General Fund.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On November 25, 2008, the Board of Supervisors adopted the Ordinance granting Plains Exploration & Production Company a 10-year proprietary petroleum pipeline franchise.

On June 28, 2016, the Board amended the Ordinance approving the transfer of the proprietary petroleum pipeline franchise rights from Plains Exploration & Production Company to FMOG and extended the term through February 28, 2019.

Upon the Board's adoption of the Ordinance, the term of the franchise will be extended for 15 years through February 28, 2034, and the franchise rights will be transferred to E&B. The pipelines operated by E&B are regulated by the State Division of Oil, Gas, and Geothermal Resources.

County Counsel has prepared and approved the enclosed Ordinance as to form.

### **ENVIRONMENTAL DOCUMENTATION**

These transactions are categorically exempt under CEQA, pursuant to Class 1 of Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the CEQA Guidelines.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

These actions will not impact or adversely affect any current services or future projects.

### **CONCLUSION**

It is requested that the Executive Office of the Board send conformed copies of the approved Board recommendations and the adopted Ordinance to the attention of Mr. Paul Langland, Land Manager, E&B Natural Resources Management Corporation, 1600 Norris Road, Bakersfield, CA 93308; the office of County Counsel; and Public Works, Survey/Mapping & Property Management Division. Retain a copy for your files.

Respectfully submitted,



MARK PESTRELLA

Director

MP:JTS:mr

Enclosures

c: Auditor-Controller (Accounting Division--Asset  
Management)  
Chief Executive Office (Chia-Ann Yen)  
County Counsel  
Executive Office